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**Letter form State of California Department of Housing
and Community Development**

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
Division of Housing Policy Development**

1800 Third Street, Suite 430
P. O. Box 952053
Sacramento, CA 94252-2053
(916) 323-3177 / FAX (916) 327-2643
www.hcd.ca.gov

**MEMORANDUM**

DATE: April 6, 2006

TO: Interested Parties

Cathy E. Creswell

FROM: Cathy E. Creswell, Deputy Director
Division of Housing Policy Development

SUBJECT: 2006 Income Limits

Attached for your information is a copy of the income limits for California counties updated for 2006. These include limits for income categories of extremely low-, very low-, lower-, median-, and moderate-incomes for varying household sizes. These State 2006 income limits are posted at the Department's website at <http://www.hcd.ca.gov/hpd/hrc/rep/state/incNote.html> and replace those in effect during 2005.

California Health and Safety Code Sections 50079.5, 50105 and 50106 provide that the State limits for the low-, very low-, and extremely low-income categories will be the same as those in the equivalent levels established by the U.S. Department of Housing and Urban Development (HUD) for its Section 8 (HCV) program. These sections also direct the California Department of Housing and Community Development (Department) to publish State income limits. HUD released its new FY 2006 income limits effective March 8, 2006.

Accordingly, the Department has filed amendments to Section 6932 of Title 25 of the California Code of Regulations with the Office of Administrative Law. The amendments contain both the updated HUD income limits and the median- and moderate-income limits prepared by the Department pursuant to Health and Safety Code Section 50093.

Please note that use of these income limits is subject to an individual program's definition of income and to other factors such as effective dates. In addition, note that the definitions themselves sometimes differ between programs. Also, there may be more differences between programs this year because of changes HUD implemented in its development of the income limits. When these official State income limits are to be used for a program, then the limits in the table must be used to qualify a household.

If you have any questions concerning the income limits, please contact Department staff at (916) 445-4728 or by e-mail to cahouse@hcd.ca.gov.

Attachment

Income Limits Pursuant to Title 25, § 6932 California Code of Regulations (CCR)

Methodology

The extremely low-, very low-, and lower-income limits of California Code of Regulations Section 6932 equal the 30 percent of median-, the very low-, and the low-income limits established by the U.S. Department of Housing and Urban Development (HUD) for use in its Section 8 program. The median and moderate levels for the State limits are determined by the California Department of Housing and Community Development (Department) on the basis of the HUD limits. To prepare its limits, HUD first estimates median family income (MFI) for the metropolitan statistical area (MSA) or for the sub area (termed "HMFA"s for HUD Metro FMR Areas). Where an area or county has a condition that warrants special consideration, called an exception, HUD adjusts the limit for an income category. Upward adjustments are made either to the level of the State nonmetropolitan median for high housing costs or because of a historical exception while adjustments to the low-income limit are capped by the U.S. median. However, if an adjustment would result in an income limit below that of last year, then, for the extremely low-, very low-, and low-income limits, HUD kept the limit at the level of the prior year.

The area median income (AMI) is often, but not always, the greater of either: 1) the median family income for a county's metropolitan statistical area or its nonmetropolitan county; 2) the median family income for nonmetropolitan counties statewide (\$50,800 for 2006); or 3) the area median income of the prior year.

Once HUD establishes the very low-income limits, they are then used to calculate the limits for other income categories. HUD's four-person very low-income limit usually equals 50 percent of MFI. The four-person median-income limit equals two times HUD's four-person very low-income limit, except in counties which have been adjusted. For high cost areas, the Department instead sets the four-person median equal to either HUD's estimated MFI, or to last year's AMI if it was higher than this year's estimated MFI. Likewise, for HUD's historical exceptions the Department uses as the median either the higher of this year's MFI or last year's AMI. Finally, in some counties rounding conventions cause the four-person median-income limit to be slightly less than two times the four-person very low-income limit. The four-person moderate-income limit is 120 percent of the four-person median-income limit.

Although many four-person low-income limits equal 80 percent of the area median income, HUD's briefing materials specify that the low-income limits actually are calculated using 160 percent of the relevant four-person very low-income limit, with some HUD exceptions. An exception for some high income areas means that the four-person low-income limit is different from what the 160 percent calculation would yield because a maximum, or cap, may have been applied by HUD. An exception for high housing costs relative to incomes means that although HUD may have raised the low-income limit for an area, HUD may or may not have raised the limit for the very low-income category. In sum, what is called, for example, an "80%" limit cannot be assumed to equal 80 percent of the median nor 160% of the very low limit due to HUD's adjustments.

Income Limits Pursuant to Title 25, § 6932
California Code of Regulations (CCR)
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California's extremely low-income limits are HUD's limits for "30% of Median". HUD calculates its "30% of Median" limits using 60 percent of the relevant very low-income limits, but with a floor set at the minimum Supplemental Security Income (SSI).

Income limits for all income categories are adjusted for household size so that larger households have higher income limits than smaller households. For all income categories, the income limits for household sizes other than four persons are calculated using the four-person income limit as the base. HUD's adjustments use the following percentages, with results rounded to the nearest \$100 increment:

Number of persons in Household:	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>
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Adjustments:	70%	80%	90%	Base	108%	116%	124%	132%
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For households of more than eight persons, refer to the formula at the end of the table of the 2006 Income Limits. Due to the adjustments HUD can make between income limits in a given county, these tables should be the only method of determining eligibility. Arithmetic calculations are applicable only when a household has more than eight members.

References: FY 2006 HUD Income Limits Transmittal PDR-2006-02 of 03-08-06
and FY 2006 HUD Income Limits Briefing Material January 18, 2006 available at
www.huduser.org/datasets/il.html

State Income Limits for 2006

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County	Income Category	Number of Persons in Household							
		1	2	3	4	5	6	7	8
Los Angeles County Area Median Income: 56,200	Extremely Low	14,550	16,650	18,700	20,800	22,450	24,150	25,800	27,450
	Very Low Income	24,250	27,700	31,200	34,650	37,400	40,200	42,950	45,750
	Lower Income	38,800	44,350	49,900	55,450	59,900	64,300	68,750	73,200
	Median Income	39,300	45,000	50,600	56,200	60,700	65,200	69,700	74,200
	Moderate Income	47,200	53,900	60,700	67,400	72,800	78,200	83,600	89,000
Madera County Area Median Income: 50,800	Extremely Low	10,700	12,200	13,750	15,250	16,450	17,700	18,900	20,150
	Very Low Income	17,800	20,300	22,850	25,400	27,450	29,450	31,500	33,550
	Lower Income	28,450	32,500	36,600	40,650	43,900	47,150	50,400	53,650
	Median Income	35,600	40,600	45,700	50,800	54,900	58,900	63,000	67,100
	Moderate Income	42,700	48,800	54,900	61,000	65,900	70,800	75,600	80,500
Marin County Area Median Income: 95,000	Extremely Low	23,750	27,150	30,550	33,950	36,650	39,400	42,100	44,800
	Very Low Income	39,600	45,250	50,900	56,550	61,050	65,600	70,100	74,650
	Lower Income	63,350	72,400	81,450	90,500	97,700	104,950	112,200	119,450
	Median Income	66,500	76,000	85,500	95,000	102,600	110,200	117,800	125,400
	Moderate Income	79,800	91,200	102,600	114,000	123,100	132,200	141,400	150,500
Mariposa County Area Median Income: 51,300	Extremely Low	10,800	12,300	13,850	15,400	16,650	17,850	19,100	20,350
	Very Low Income	17,950	20,500	23,100	25,650	27,700	29,750	31,800	33,850
	Lower Income	28,750	32,850	36,950	41,050	44,350	47,600	50,900	54,200
	Median Income	35,900	41,000	46,200	51,300	55,400	59,500	63,600	67,700
	Moderate Income	43,100	49,300	55,400	61,600	66,500	71,500	76,400	81,300
Mendocino County Area Median Income: 51,100	Extremely Low	10,750	12,300	13,800	15,350	16,600	17,800	19,050	20,250
	Very Low Income	17,900	20,450	23,000	25,550	27,600	29,650	31,700	33,750
	Lower Income	28,650	32,700	36,800	40,900	44,150	47,450	50,700	54,000
	Median Income	35,800	40,900	46,000	51,100	55,200	59,300	63,400	67,500
	Moderate Income	42,900	49,000	55,200	61,300	66,200	71,100	76,000	80,900
Merced County Area Median Income: 50,800	Extremely Low	10,700	12,200	13,750	15,250	16,450	17,700	18,900	20,150
	Very Low Income	17,800	20,300	22,850	25,400	27,450	29,450	31,500	33,550
	Lower Income	28,450	32,500	36,600	40,650	43,900	47,150	50,400	53,650
	Median Income	35,600	40,600	45,700	50,800	54,900	58,900	63,000	67,100
	Moderate Income	42,700	48,800	54,900	61,000	65,900	70,800	75,600	80,500
Modoc County Area Median Income: 50,800	Extremely Low	10,700	12,200	13,750	15,250	16,450	17,700	18,900	20,150
	Very Low Income	17,800	20,300	22,850	25,400	27,450	29,450	31,500	33,550
	Lower Income	28,450	32,500	36,600	40,650	43,900	47,150	50,400	53,650
	Median Income	35,600	40,600	45,700	50,800	54,900	58,900	63,000	67,100
	Moderate Income	42,700	48,800	54,900	61,000	65,900	70,800	75,600	80,500
Mono County Area Median Income: 62,100	Extremely Low	13,050	14,900	16,800	18,650	20,150	21,650	23,150	24,600
	Very Low Income	21,750	24,850	27,950	31,050	33,550	36,000	38,500	41,000
	Lower Income	34,800	39,750	44,750	49,700	53,700	57,650	61,650	65,600
	Median Income	43,500	49,700	55,900	62,100	67,100	72,000	77,000	82,000
	Moderate Income	52,200	59,600	67,100	74,500	80,500	86,400	92,400	98,300
Monterey County Area Median Income: 62,200	Extremely Low	13,100	14,950	16,850	18,700	20,200	21,700	23,200	24,700
	Very Low Income	21,800	24,900	28,050	31,150	33,650	36,150	38,650	41,100
	Lower Income	34,900	39,900	44,850	49,850	53,850	57,850	61,800	65,800
	Median Income	43,500	49,800	56,000	62,200	67,200	72,200	77,100	82,100
	Moderate Income	52,200	59,700	67,100	74,600	80,600	86,500	92,500	98,500

COMMUNITY DEVELOPMENT COMMISSION COMMENTS ON
THE DEL REY SHORES –

“ON SITE AFFORDABLE HOUSING REPORT”

AFFORDABLE REPLACEMENT UNIT ANALYSIS

It is unclear if the income standards used by the Developer are appropriate. Sections of the Mello Act seem to require that State income standards be used.

The Developer utilized income standards developed by the Community Development Commission. These guidelines are based on income standards published by HUD, and extrapolated by the Commission to develop standards for household sizes at median income (100%) and moderate income (120%). HUD does not publish standards for households at 100% and 120%. It is our belief that State income standards should be used, in light of the State Mello Act being the governing statute.

The State does publish income guidelines for households at 100% and 120% of median income, which are considerably lower than the extrapolated numbers developed by Commission. Attached is a copy of the State's income standards for 2006, which are updated annually.

The income standards used for determining if a replacement unit is mandated will affect the number of replacement units required.

AFFORDABLE REPLACEMENT UNIT ANALYSIS – Fourth Bullet

It appears that HUD income standards were used to calculate the rent for a moderate-income unit. Again, the State income standard should have been used. In addition, the methodology used to calculate the number of tenants/units eligible for replacement housing (although employed by LAHD) may be flawed. Consideration should be given to determining the of replacement units based exclusively on the occupants incomes throughout the building(s).

Conclusion

Without citing each instance where the incorrect income standards were used, it can be stated that this will affect the conclusions reached by the developer. The Developer appears to have made the proposal in a spirit of cooperation, however, without corrected calculations and additional information no recommendation can be made. Also, it is believed that uniform application of the revised Marina Policy may be the best approach.